

Message Text

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FM AMEMBASSY JAKARTA

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C O N F I D E N T I A L JAKARTA 15041

EXDIS

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: PERTAMINA'S LEASED TANKERS

REF: JAKARTA 14959

1. SUBSEQUENT TO REFTTEL, EMBASSY HAS OBTAINED CLEAR INFORMATION THAT INDICATES GOI NOW HAS STATEMENT FROM FORMER PERTAMINA PRESIDENT IBNU SUTOWO WHICH MAY BE USED BY GOI IN CERTAIN LEGAL CASES AGAINST SHIPOWNERS. IBNU'S STATEMENT TAKES FORM OF SWORN AFFIDAVIT PREPARED NOVEMBER 16 BY GOI LEGAL ADVISORS BURKE AND PARSONS OF NEW YORK AND INCE AND SONES OF LONDON. LAWYERS ANTICIPATE TESTIMONY COULD BE FILED IN CONJUNCTION WITH POSSIBLE GOI APPEALS IN NEW YORK, GUAM, OR LONDON COURT CASES.

2. TESTIMONY IS INTENDED TO SUPPORT GOI POSITION WHICH ALLEGES THAT IBNU SIGNED PROMISSORY NOTES FOR TANKERS IN CLEAR VIOLATION OF ARTICLE 27 OF LAW NO. 8 OF 1971, "PERTAMINA LAW." TESTIMONY IS ALSO APPARENTLY DESIGNED TO SUPPORT GOI CHARGES OF COLLUSION AND COMPLICITY IN TANKER CONTRACTS. WE UNDERSTAND THAT IBNU CLAIMS IN HIS DEPOSITION THAT HE SIGNED SERIES OF "SPURIOUS NOTES" AT REQUEST TO BRUCE RAPPAPORT WHO CLAIMED HE WAS EXPERIENCING PERSONAL DIFFICULTIES WITH CERTAIN BUSINESS ASSOCIATES. STATEMENT MENTIONS THAT SOLE PURPOSE OF NOTES WAS TO ENABLE RAPPAPORT TO EXHIBIT THEM TO HIS BUSINESS ASSOCIATES AND THEREBY ALLAY THEIR APPARENT LACK OF CONFIDENCE IN
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HIM. IBNU REPORTEDLY SIGNED OVER 1600 REPEAT 1600

PRE-PRINTED PROMISSORY NOTES IN JANUARY OF 1975, INCLUDING 480 NOTES HAVING FACE VALUE OF \$374 MILLION WHICH REFLECTED EQUIVALENCE OF AMOUNT OF OBLIGATIONS FOR HIRE PAYMENTS UNDER VARIOUS TANKER CHARTERING AGREEMENTS. TESTIMONY ALLEGES NOTES WERE SIGNED BY IBNU WITHOUT READING TERMS, BASED ON ASSUMPTION THAT USE OF NOTES WAS LIMITED TO HELPING RAPPAPORT OVERCOME PERSONAL DIFFICULTIES WITH HIS PARTNERS; RAPPAPORT ALLEGEDLY PROMISED IBNU THAT NOTES WOULD NOT BE USED IN ANY WAY TO BIND ASSETS OF PERTAMINA. TESTIMONY ALSO REPORTEDLY MAKES MENTION OF \$2.5 MILLION "PERSONAL" LOAN GIVEN BY RAPPAPORT TO IBNU IN APRIL OF 1975 WHICH WAS NEVER PAID BACK.

3. ON BASIS THIS TESTIMONY, LAWYERS ARE EXPECTED TO ARGUE THAT SO-CALLED SPURIOUS NOTES WILL BE REPUDIATED BY GOI UNDER INDONESIAN LAW ON GROUNDS THEY ARE ILLEGALLY EXECUTED, VOID, AND DO NOT REPRESENT PRIETORY FUNCTION OF PERTAMINA.

4. COMMENT: EMBASSY UNDERSTANDS THAT FOREGOING DOCUMENT WAS OBTAINED IN SESSIONS INVOLVING IBNU AND GENERAL PANGGABEAN, ATTORNEY GENERAL ALI SAID AND ARMY CHIEF OF STAFF MAKMUD MUROD. IF IT IS USED AND BECOMES PUBLIC KNOWLEDGE, IT WOULD SUGGEST THAT REGIME IS SUFFICIENTLY CONCERNED OVER IMPLICATIONS TANKER SUITS TO RISK ALMOST CERTAIN INCREASE IN DOMESTIC DEMANDS FOR ACTION AGAINST IBNU. THIS DILEMMA MAY BE ONE REASON WHY WE CONTINUE HEAR REPORTS OF POSSIBLE GOI EFFORTS SETTLE OUT OF COURT, IN WHICH CASE DOCUMENT WOULD NOT BE NECESSARY.
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